

APPROVED FOR RELEASE: 2007/02/08: CIA-RDP82-00850R000100030053-9

23 MARCH 1979

8/

1 OF 1

FOR OFFICIAL USE ONLY

JPRS L/8350

23 March 1979

TRANSLATIONS ON JAPAN
(FOUO 8/79)

ASIA

U. S. JOINT PUBLICATIONS RESEARCH SERVICE

FOR OFFICIAL USE ONLY

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

COPYRIGHT LAWS AND REGULATIONS GOVERNING OWNERSHIP OF
MATERIALS REPRODUCED HEREIN REQUIRE THAT DISSEMINATION
OF THIS PUBLICATION BE RESTRICTED FOR OFFICIAL USE ONLY.

BIBLIOGRAPHIC DATA SHEET		1. Report No. JPRS L/ 8350	2.	3. Recipient's Accession No.
4. Title and Subtitle TRANSLATIONS ON JAPAN, (FOUO 8/79)			5. Report Date 23 March 1979	
7. Author(s)			6.	
9. Performing Organization Name and Address Joint Publications Research Service 1000 North Glebe Road Arlington, Virginia 22201			8. Performing Organization Rept. No.	
12. Sponsoring Organization Name and Address As above			10. Project/Task/Work Unit No.	
			11. Contract/Grant No.	
			13. Type of Report & Period Covered	
			14.	
15. Supplementary Notes				
16. Abstracts The report contains press and radio coverage on political, economic, military, sociological, scientific and technological developments.				
17. Key Words and Document Analysis. 17a. Descriptors JAPAN <input checked="" type="checkbox"/> Political and Sociological <input type="checkbox"/> Military <input checked="" type="checkbox"/> Economic <input checked="" type="checkbox"/> Science and Technology 17b. Identifiers/Open-Ended Terms 17c. COSATI Field/Group 5C, 5D, 5K, 15C, 16D, 18I, 19F, 22B				
18. Availability Statement For Official Use Only. Limited Number of Copies Available From JPRS.			19. Security Class (This Report) UNCLASSIFIED	21. No. of Pages 43
			20. Security Class (This Page) UNCLASSIFIED	22. Price

FORM NTIS-38 (10-70)

USCOMM-DC 40329-P71

FOR OFFICIAL USE ONLY

JPRS L/8350

23 March 1979

TRANSLATIONS ON JAPAN

(FOUO 8/79).

CONTENTS

PAGE

POLITICAL AND SOCIOLOGICAL

'SEKAI' Analyzes Future Course on Ohira Government (Takao Iwami; SEKAI, Feb 79)	1
Defense Officials View Joint Naval Operations With United States (YOMIURI SHINBUN, 8 Mar 79)	7
Diet Dissolution Within the Year 'Unavoidable' (Takehiko Takahashi; MAINICHI DAILY NEWS, 21 Feb 79)	9
Experts To Study Bureaucratic Concepts (MAINICHI DAILY NEWS, Feb 79)	12
SDF Planes Can Fire When Attacked (ASAHI EVENING NEWS, 8 Mar 79)	14
JSP Aims To Prevent Centrist-Conservative Coalition (ASAHI EVENING NEWS, 7 Mar 79)	16
'YOMIURI' on Criticism of Ohira's Economic Policies (Editorial; THE DAILY YOMIURI, 11 Mar 79)	17
Briefs Fukuda Denies Retiring	19

ECONOMIC

Domestic Economic Activities Should Be Expanded (Editorial; MAINICHI DAILY NEWS, 13 Mar 79)	20
Government Approves Joint Economic Development of Siberia (YOMIURI SHINBUN, 20 Jan 79)	22
Japan To Further Ease Exchange Restrictions (MAINICHI DAILY NEWS, 2 Mar 79)	24

- a -

[III - ASIA - 111 FOUO]

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

CONTENTS (Continued)	Page
Labor Is Expected To Demand More Money (Editorial; MAINICHI DAILY NEWS, 23 Feb 79)	27
Doubts Linger on NTT Procurement (Takao Oshiyama; MAINICHI DAILY NEWS, 29 Feb 79) ..	29
'MAINICHI' Editorial Raps U.S. for Its Demand on NTT (Editorial; MAINICHI DAILY NEWS, 1 Mar 79)	33
Shipping Firms Plan Experimental China Sailings (MAINICHI DAILY NEWS, 10 Mar 79)	36
Top Businessmen View PRC Contract Suspensions (THE DAILY YOMIURI, 7 Mar 79)	37
Briefs Surplus Must Be Cut	39
SCIENCE AND TECHNOLOGY	
Nuclear Energy Policy Places Emphasis on Future (Editorial; MAINICHI DAILY NEWS, 7 Feb 79)	40

- b -

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

POLITICAL AND SOCIOLOGICAL

'SEKAI' ANALYZES FUTURE COURSE OF OHIRA GOVERNMENT

Tokyo SEKAI in Japanese Feb 79 pp 264-268

/Article by Takao Iwami: "Politics '79: The Future Course of Ohira's Ship of State"

/Text/ Support - 42 percent

The popularity of a prime minister at the outset of his political power is governed greatly by his character. According to a survey by the ASAHI SHINBUN right after the formation of the Ohira cabinet, support for the new government was 42 percent, which is high compared to the administrations of Kishi and Fukuda at their outset, which had 33 percent and 28 percent respectively, and low compared to Ikeda's 51 percent, Sato's 47 percent, Tanaka's 62 percent and Miki's 45 percent. This figure is probably quite fitting for Ohira, who is unobtrusive, lacking in forcefulness and does not inspire too many expectations, but at the same time has a personality that manifests no sense of insecurity.

In Ohira's case, he did not have the media campaign that applauded Kakuei Tanaka as "the emerging leader of the masses," or the "low posture" ploy of Hayato Ikeda that developed in the turbulent period following the U.S.-Japan Security Treaty struggle of 1960. On the other hand, he is far removed from the villainous image surrounding Takeo Fukuda after he frantically sought to bring down the Miki government, and has begun his administration on a safe, even keel. For an operation by Ohira, who has established himself as a coiner of new phrases, the lackluster slogan "Trust and Consensus" characterizes the uneventful change in administration that took place in an atmosphere of economic uncertainty.

If we force a comparison, Ohira's debut resembles a transfer of power that is close to the fixed path followed from Ikeda to Eisaku Sato. Also, "After Fukuda, Ohira" became the common opinion in government circles quite early; what remained was merely the timing of the succession. This also closely resembles the point that party members of the same cliques participated in the struggle in the form of "patrons," i.e., Ichiro Kuwano for Sato, and Yasuhiro Nakasone for Ohira.

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

If Ohira has any strong point, it is that he gained control by an election based on direct participation in voting (primary election of prime minister candidates) by party members and supporters numbering 1,500,000. The election was carried out experimentally by the Liberal Democratic Party (LDP) and freed the election from the conventional backroom, financially backed power struggle (general election of prime minister) carried out by members of the Diet. Moreover, in this event, the general consensus of "Fukuda in first place" was upset, with the tables turned in favor of Ohira's victory.

While Takeo Miki and Takeo Fukuda both gained power through very obscure means, Ohira was able to make clear his qualifications for prime minister by "number of votes" and was able to get by without being stigmatized by financial power.

This good fortune is considered to have increased his support by several percentage points, even if we subtract the negative image he got from receiving the full support of "Lockheed" Tanaka.

"Relatively a Dove"

Last year, on 18 December only a few days after Ohira assumed the post of prime minister, there was an incident in which he was attacked by rightwing extremists at the entrance to his official residence, but this had the effect of further strengthening his image as "Ohira the Dove" which was the target of the rightwingers. There was also the aspect that already, in the Ohira-Fukuda struggle, Fukuda was repeatedly marked as a "hawk" and Ohira as a "dove," and with Nakasone's ultra-hawkish declarations, the criticisms of Ohira made Ohira's position appear more dove-ish than necessary.

The criteria for distinguishing hawk from dove now have some obscure aspects, but since Ohira entered politics (first elected to the lower house in October 1952), if we look back at his political behavior over what amounts to almost 30 years, we cannot say definitely that he has been a dove, but that he has pursued a conservative, orthodox path that cannot be termed either dove or hawk. There are some LDP members of the Diet who say "Fukuda is on the right, Miki on the left, and Ohira and Nakasone in the middle" but compared to Fukuda and Nakasone, Ohira, relatively speaking, can probably be called a dove.

The Trademark of Ohira's Politics

If we further analyze the merit of Ohira's politics as thus defined, we can say that he is more a dove in style than a dove in policy matters.

In his first news conference after assuming the post of prime minister (8 December) Ohira was asked about the direction of his government, to which he replied "We must not have a government that merely depends on power. I consider of utmost importance a government that unites with the people and shares their bitter medicine. Secondly, we must frown on a government that

FOR OFFICIAL USE ONLY

disseminates optimistic dreams among the people. At the same time, I don't want the people to have excessive expectations from the government. I wish to say that if both understand each other it is possible to have a fruitful government." He added, "We have just about reached a consensus on a free market economy and a framework for guaranteeing security. I wish to expand the framework of this consensus, follow and respect the maturing situation and steer the helm of government on a course that does not deviate from this. In so doing, we can naturally avoid those conflicts that leave no room for compromise. The people have also matured politically. The government should not fall behind in this respect."

In this statement the basic concepts of Ohira's politics are rather clearly spelled out. Previously, Ohira criticized Fukuda's politics as bent on power. But what Ohira is aiming at is a principle of "tempered dialog" which is the opposite of an oppressive authoritarianism. The ideology of partial alliances that has already become the trademark of Ohira's politics is a concept of the same type, is a technique for running the Diet based on thorough discussion with the opposition, and can be called a practical method of dealing with the opposition, when evenly matched with it, in which, under certain conditions, a temporary alliance is formed with a particular opposition party.

"While Looking Below"

A similar nuance also appeared openly in his views on defining the rate of economic growth that he gave at his first press conference. Unlike Fukuda, who continued to adhere to achieving a growth rate objective, Ohira commented, "To establish a level of economic activity is a method followed in every country and each has had its own reasons. However, the macro and micro levels have become separated and follow their own courses. It becomes a problem of which course to follow: to walk while looking down or while looking up. Whether dealing with depression or unemployment problems, shouldn't we be looking downward in considerable measure, seriously considering microeconomic countermeasures and then as a result attempt to determine what the growth rate should be? Isn't it a fact that to preestablish a rate of growth and take all sorts of steps to achieve it is an approach that, in the midst of instability of economic conditions at home and abroad, does not follow reality?" Whether we call it an ideology of "microism," of "looking downward," or a course of following dialog, it is dove-ish as a political technique. Ohira claims, "just as my face is different from that of Prime Minister Fukuda, my political methods also differ somewhat. Fukuda practiced politics that were faithful to his own character, and I will practice what suits my own nature," and he appears to be consciously gaining reputation for an image that is the reverse of Fukuda's politics, which gave the authoritative impression of a macro ideology.

WEAKNESSES

However, a weakness of Ohira's dove-ish methods is that they are remote from a reformist administration and tend to maintain the status quo. In the debate about emergency legislative action, Ohira's position was negativistic, i.e.,

FOR OFFICIAL USE ONLY

it was not opposed in principle but suggested that matters could be solved under existing regulations concerning the Self-Defense Forces. It is fully possible to imagine that when faced with difficulties, the Ohira administration will adopt an evasive posture, and symptoms of this are already in evidence. With regard to problems which require bold changes and revisions, such as correcting the unfair tax system and administrative reforms, which call for considerable energy and leadership, the reaction of the new administration has been sluggish. Ohira's philosophy is "making haste slowly," but such procedures become associated with roundabout politics, and if they serve to slow down the ability to move forward on administrative problems, Ohira's government is sure to end up lacking in attractiveness.

Among the items mentioned as policy objectives there have been more than a few notable ones, but one that especially merits attention is the rural cities concept. It is described only abstractly in his 1 December press conference immediately after assuming the position of prime minister: "The policies which have been carried out at present during the fluctuation of the high growth rate period have necessarily been haphazard. Now the high growth period is over, the large movement of the population into the cities has ended and has partially resulted in a U-turn. It is now time to reconsider the disposition of past policy and to work towards creating comfortable living space in the regional areas." This contains Ohira's idea for the reconstruction of Japan, and the idea of locally-based power forms its nucleus.

If, as the concept is given to us, limitations are placed on the administrative power that is now centrally concentrated, its functions are entrusted to local regions. The responsibilities for taxation, public works, welfare, education and culture are distributed on a large scale to local autonomous bodies, and regional cities of 200,000 to 300,000 people given a high level of autonomy are distributed throughout the country. This will be establishing a revolutionary goal and be the forerunner of a "period of regionalism" based on conservatism.

However, at present we can only say that it is unknown whether the Ohira administration happens to have the powerful political leadership necessary to make such a grand scheme materialize, and that if it fails it will become a minus to the administration.

A Long Administration?

The distinctiveness and direction of the Ohira administration have not yet clearly emerged, but regarding its life, there has from the beginning been talk of its lasting a long time. The reasons for anticipating a long term include: (1) he is the last of the "Big Four" (Miki, Tanaka, Fukuda, Ohira) and has no strong rivals; (2) Ohira has excellent political techniques for avoiding crises; and (3) by the time of the next general elections 2 years hence, it will be necessary to "digest" three nationwide elections, including

FOR OFFICIAL USE ONLY

a unitified regional election, and elections to both houses of the Diet, but the LDP is expected to put up a good fight, riding on the wave of a revival of conservatism, and if they do, this will have the effect of laying the groundwork for Ohira's reelection.

Whether or not it will last for a long period, at any rate the chances are great that he will have power for two terms, or 4 years. However, while he seems to be blessed with the chances for a long administration, it is difficult to say that Ohira's power within the LDP is all that stable. Although at present one cannot find any factions that have declared open opposition to Ohira, it is also certain the conditions exist for an anti-Ohira flareup within the party.

The first factor to cause a union against Ohira would be the deep relationship with the Tanaka faction that supports Ohira's power, and clues to this became apparent in the personnel shakeup that occurred when Ohira set out to form his new administration.

Ohira's personnel affairs were forced to a dangerous start as he was pressed to make a change in the selection of the pivotal post of secretary general. It was thought in the beginning that the highest cadre in the Ohira faction, Yoshiyuki Suzuki, naturally would assume the secretary generalship, but first the Fukuda faction rejected him, giving the reason that "Suzuki is a personality that is very close to Kauei Tanaka," and as result of the Nakasone and Miki factions behaving in the same vein, the trend for development of a Fukuda-Nakasone-Miki alliance against Ohira and Tanaka grew stronger. Moreover, the "Suzuki Rejection" brought about various ripple effects inside and outside of the LDP and Ohira, who was now in a dilemma, had to drop Suzuki and switch to Kuniyoshi Saito, an unexpected person.

War of the Young and the Old

The first personnel setback shows that the undercurrent against Ohira and Tanaka is quite deep. The Tanaka faction, which was a driving force in the election of Ohira, naturally insisted on Suzuki for secretary general, exercising their strong voice, but they realized from conditions within the party that it was futile and consented to a switch away from Suzuki. This lends testimony to the fact that factions had, to this extent, developed in the party which would not permit the Tanaka faction to have its own way.

With Ohira being the last of the "Big Four" to come up to bat, the faction situation within the LDP has entered a period of reshuffling. Aside from Ohira's ruling faction and the Tanaka faction which continues to maintain controlling power, the changing of hands in the Fukuda and Miki factions is continuing and the situation inside the Nakasone faction is not stable. In other words, this is a chance for a rejuvenation of the leadership stratum of the LDP, and a pattern has become evident here and there of a conflict between the young and the old.

FOR OFFICIAL USE ONLY

From now on, movements of the new power groups of Toshio Kawamoto (Miki faction), Shintaro Abe (Fukuda faction), Ichiroo Nakagawa (Seirankai), Kiichi Miyazawa (Ohira faction), and Tokusaburo Kosaka (no faction) will become active, which will probably bring about a change in alignments including all the intermediate factions. In the presence of such fluidity it is apparently a fact that Tanaka, while becoming alarmed at anti-Tanaka feelings within the party, is seriously planning a strategy for a return to power.

"The Revivor of Conservatism"

Despite the appearance of tranquility within Ohira's LDP, under the surface we should be able to discern an increase in dissatisfaction growing daily. In particular, we can say that it is inevitable that the hawkish political forces formed from the Kishi-Fukuda-Abe-Nakagawa groups will move to establish goal posts in 1979-80 and consolidate forces in order to strengthen their posture of confrontation against the Ohira regime on the issues of diplomacy and defense.

We can say that the period will soon begin when "Ohira the dove" will be faced with the serious choice of either pursuing the dove faction line or following the path of harmonizing the party through compromise. Secretary Yano of the Komeito has not concealed his reservations and distrust of Ohira, saying that the opposition parties will join together and "it is clear that the posture which on first appearance is that of a dove will eventually reveal its true colors out of deference to the hawks within the party." Since this also is symptomatic of the dilemma in Ohira's power, the path of the new administration is not an even one. Ohira has taken over the role as "Revivor of Conservatism" that Fukuda was unable to play out and it is certain that he embraces the ambition to strengthen the foundation for a long term of office. His weathering the storm of the unified local elections in April is one milestone for this. But if Ohira attempts the trick of trying to win by leaving his political posture vague, this will probably prove to be the dangerous bet that it is.

COPYRIGHT: Iwanami Shoten 1979

6093
CSO: 4105

FOR OFFICIAL USE ONLY

POLITICAL AND SOCIOLOGICAL

DEFENSE OFFICIALS VIEW JOINT NAVAL OPERATIONS WITH UNITED STATES

Tokyo YOMIURI SHINBUN in Japanese 8 Mar 79 Morning Edition p 2 OW

[Text] Director General of the Defense Agency Yamashita, testifying before the House of Representatives Budget Committee on 7 March, declared that "our country is barred from engaging in a collective act for self-defense. When it exercises the right of self-defense, it will always be on an individual basis." Yamashita was explaining the administration's position regarding the conduct of joint operations between the Japanese Maritime Self-defense Force [MSDF] and the U.S. Navy based on the "Guidelines for Japan-U.S. defense cooperation" (agreed on by the Japanese and U.S. governments on 28 November 1978).

Elaborating further on the subject, Hara, chief of the Defense Bureau of the Defense Agency, told the committee: 1) That in the event of an armed attack on our country, MSDF ships will independently attack enemy submarines spotted in our waters regardless of the presence of U.S. warships in the vicinity; and 2) That if U.S. warships should happen to be in the vicinity during such an attack, and if enemy submarines are destroyed in such attacks, as a result the U.S. ships, too, would be protected but the action of the MSDF ships itself is within the bound of the individual self-defense right.

The testimonies by Yamashita and Hara expressed the administration's view that Japan would expect U.S. warships to go along with MSDF ships and join in the attack on enemy submarines (or other warships) under such circumstances on the basis of the Japan-U.S. Security Treaty. They revealed a firm line that "even in the event of an individual exercise of the self-defense right by our country, it is possible for Japanese and U.S. warships to launch joint operations against the same target."

Their testimonies were in reply to questions raised by Iwao Teramae of the JCP. Teramae, noting a joint exercise held in mid-February near Okinawa, by MSDF ships and a group of U.S. war vessels, including aircraft carrier "Midway" of the 7th Fleet, maintained that "the Japanese and U.S. ships

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

in the exercise took the formation of jointly providing protection for the USS Midway. The 'guidelines for Japan-U.S. defense cooperation' also refer to joint operations between MSDF ships and U.S. warships." He then asked the question "Does not such protection given U.S. warships by MSDF ships constitute a collective exercise of self-defense rights?"

In the past, the government had avoided to use an expression which might be interpreted as implying direct "military operations" in Diet testimonies dealing with Japan-U.S. joint operations based on Article 5 of the Japan-U.S. Security Treaty, particularly a joint action involving Japanese and U.S. warships.

COPYRIGHT: Yomiuri Shinbunsha 1979

CSO: 4105

FOR OFFICIAL USE ONLY

POLITICAL AND SOCIOLOGICAL

DIET DISSOLUTION WITHIN THE YEAR 'UNAVOIDABLE'

Tokyo MAINICHI DAILY NEWS in English 21 Feb 79 p 3

[Nagatacho Doings column by Takehiko Takahashi: "Gloomy Atmosphere Centering on Talk of Diet Dissolution"]

[Text] The investigation of the truth in the McDonnell Douglas and Grumman cases has passed one peak with the summoning of witnesses for two days by the budget committee of the House of Representatives.

Following the testimony of the witnesses, the budget committee has decided to seek an appraisal of the handwriting on the so-called "Kaifu Memos" involving Hachiro Kaifu, vice president of Nissho-Iwai Co. and to prosecute Kunio Arimori, former employee of Nissho-Iwai, for refusing to testify. The Diet deliberations on the McDonnell Douglas and Grumman cases are likely to continue briskly.

To what extent will the McDonnell Douglas and Grumman cases affect the political situation? This is a big problem. Prime Minister Masayoshi Ohira has stated that, depending on how this problem develops, he will "assume political responsibility."

This has led to the sudden appearance of a theory that the House of Representatives might be dissolved. The commonsense interpretation of "taking responsibility" is to resign. But that does not seem to be what the prime minister is saying. What he will seek is "judgment anew by the people."

This is because he has only recently assumed the premiership as the result of the party presidential election. It is unlikely, it is said, that he will take political responsibility and resign over a case that does not involve him directly.

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

Good Reasons

Nevertheless, there are certain factors that make it almost imperative to dissolve the House of Representatives and hold a general election before autumn. Among them are:

1. This autumn will mark the passage of three years since the last general election of the House of Representatives. According to past examples, the time for a Diet dissolution seems to be ripening.
2. A general excise tax is scheduled to be introduced next year. There is strong opposition to this. It would be more advantageous for the Liberal-Democratic Party to hold a general election before the introduction of this tax.
3. The House of Counsellors election will take place next year. Prime Minister Ohira once had the idea that holding the elections of the House of Counsellors and the House of Representatives simultaneously would be a good policy for the LDP but there is some doubt whether this is possible from the constitutional standpoint. If in order to avoid this, the House of Representatives election were to be held after that of the House of Counsellors, that would come immediately before the LDP presidential election. Opposition is likely to arise from within the party.
4. When domestic and international conditions are taken into consideration, there is a strong likelihood of the political situation becoming more unfavorable for the government and the LDP next year when compared with this year. It would be better to hold a general election before the situation aggravates.

Tanaka's Urging

In addition, an influential member of the LDP (belonging to an antimainstream faction) has this to say: "The verdict in the first trial of the Lockheed case is likely to be handed down next spring. There is strong possibility that former Prime Minister Kakuei Tanaka, who is Ohira's powerful supporter, will be found guilty. Tanaka is likely to urge Ohira strongly to hold a general election before such a 'guilty' verdict is handed down. Therefore, a dissolution of the House of Representatives and general election within this year, particularly in autumn, will be unavoidable."

This is Tanaka's personal reason. But when one thinks of the relationship between Tanaka and Ohira, and the solidarity of the Tanaka faction within the LDP, there is every possibility of this becoming the key in the decision to dissolve the House of Representatives.

FOR OFFICIAL USE ONLY

Both the Ohira and Fukuda factions have already set up headquarters for election countermeasures. The Tanaka faction has also recently decided to establish an election countermeasures committee. Susumu Nikaido has been selected as the chairman of that committee, with Noboru Takeshita as vice chairman and Tatsuo Ozawa as secretary general.

It was Zenko Suzuki of the Ohira faction who first broached the subject of a Diet dissolution. (Prime Minister Ohira wanted to appoint Suzuki as chief cabinet secretary but this was not realized due to opposition by the Fukuda faction).

Reaction to the Suzuki statement was so great that the Ohira faction is trying to deny it by declaring that "an easygoing mood exists within the faction that the Ohira administration will be of long duration. It was in order to pull the faction together that Suzuki spoke as he did. Prime Minister Ohira is not necessarily thinking about a Diet dissolution."

It is generally said that a general election too soon after the unified local elections in April would be unfavorable for the LDP. If a six-month interim can be regarded as being suitable, the strong possibility exists of a dissolution being carried out during the extraordinary Diet session this coming autumn.

At the same time, depending on how the McDonnell Douglas and Grumman case develops, it may not be possible to wait until then. After the close of the Tokyo Summit, the political world will probably enter an emergency period in which there is no telling when a Diet dissolution might suddenly take place.

(The writer is an adviser to the Mainichi Newspapers and former chief editorial writer).

COPYRIGHT: Mainichi Daily News, 1979

CSO: 4120

FOR OFFICIAL USE ONLY

POLITICAL AND SOCIOLOGICAL

EXPERTS TO STUDY BUREAUCRATIC CONCEPTS

Tokyo MAINICHI DAILY NEWS in English 24 Feb 79

[Text] Prime Minister Masoyoshi Ohira will organize nine brain trusts of some 200 scholars and officials by April to give shape to the political vision of "a nation of garden cities" and "an era of culture" which he stressed last month in his first policy speech as prime minister.

Ohira's approach contrasts with that of his predecessor, Takeo Fukuda, who answered the question, "who is your brain trust?" by saying, "myself."

Ohira's plan may come from the advice of those close to him that the new prime minister must slough off conventional bureaucratic concepts as an era of high economic growth gives way to an age of low growth.

Ohira is expected to stress efficient use of fresh minds to strip government policies of conservative bureaucratic ideas.

The third such brain trust, "the group to study living concerns in a pluralized society," established Wednesday, holds its first meeting Saturday.

Headed by Chikio Hayashi, chief of the Education Ministry's statistical research center, is composed of 19 experts including sociologists, psychologists and statisticians who will mainly study ways to translate statistics on social trends into policies for Ohira.

"The group to study a plan for garden cities," headed by Tadao Umezao, director of the National Ethnology Museum, and "the group to study overseas economic policies," headed by Prof. Tadao Uchida of Tokyo University, have already started research into their themes.

All the brain trusters graduated from university during 1955-1964 or are persons of equal age.

Ohira evidently feared that free discussions might be impossible if all group members were of senior stature.

FOR OFFICIAL USE ONLY

In the selection, the prime minister's aides also considered keeping a balance between the idealism of the intellectuals and the realism of the officials.

By the middle of March, two more groups--one to study the promotion of what Ohira calls "pan-Pacific cooperation" and the other to study ways to consolidate "the foundation of the family" are to start their research.

Besides these five groups, four more are to be organized. One of them is "the group to study an era of culture."

The other three are "the group to study economic management in the era of culture" and "the group to study general security" which will take a new look at the economic side of his fundamental concept, and "the group to study the development of technology" to examine the future of the oceans and natural resources.

"The group to study the overseas economic policies" is to complete an urgent report on Japan-U.S. economic relations by the end of March, and another report on a Tokyo summit conference by the end of May.

The other seven groups plan to complete their reports in June next year.

Those close to the prime minister plan to have the main members of each group participate in the activities of the other to adjust discussions and conclusions.

Ohira's posture of trying to listen to the broad opinions of knowledgeable people would seem to have popular appeal.

But the "life cycle plan" of former Prime Minister Takeo Miki and "a blueprint to raise useful citizens for the 21st century" by former Prime Minister Takeo Fukuda ended up in smoke.

In any case, it will take quite a long time for the 200 brain trust members to obtain results.

COPYRIGHT: Mainichi Daily News, 1979

CSO: 4120

FOR OFFICIAL USE ONLY

POLITICAL AND SOCIOLOGICAL

SDF PLANES CAN FIRE WHEN ATTACKED

Tokyo ASAHI EVENING NEWS in English 8 Mar 79 p 3 OW

[Text] Self-defense forces' planes can, under the SDF law, use arms when attacked by foreign planes that invade the Japanese territorial sky, according to the government.

Answering questions in the House of Representatives' budget committee on Tuesday, senior officials of the cabinet legislation bureau and the defense agency said that the use of arms in such a situation can be considered a "necessary measure" as stipulated in Article 84 of the SDF Law. The article deals with steps to be taken in the event of an aerial invasion.

Yukihisa Yoshida, a member of the Democratic Socialist Party, questioned the legal basis of the defense agency's instructions that the use of arms was one of four steps to be taken in the event of such an attack.

In reply, Atsuyuki Sasa, a defense agency counsellor, said that the "necessary measures" stipulated in Article 84 of the SDF Law means the SDF planes that have scrambled are required to lead any foreign planes which violate Japanese airspace to a nearby airport or to lead them out of Japanese airspace as promptly as possible.

But, Sasa continued, if the foreign planes should forcibly resist orders, the SDF planes are entitled to use arms.

Hideo Sanada, director of the cabinet legislation bureau, supported Sasa's opinion.

The government had previously not had a uniform opinion on whether there was a legal basis for the use of arms by SDF planes in the event of an attack.

Hiroomi Kurisu, a former chief of staff of the SDF, was forced to resign last year after remarking that members of the SDF might be forced to take

FOR OFFICIAL USE ONLY

supralegal action in the event of a national emergency due to the inadequacy of the SDF Law. He was thought to have been referring to a case in which SDF planes were attacked by invading planes,

COPYRIGHT: ASAHI EVENING NEWS

CSO: 4120

FOR OFFICIAL USE ONLY

POLITICAL AND SOCIOLOGICAL

JSP AIMS TO PREVENT CENTRIST-CONSERVATIVE COALITION

Tokyo ASAHI EVENING NEWS in English 7 Mar 79 p 3 OW

[Text] Ichio Asukata, chairman of the Japan Socialist Party, said on Monday that he would adhere to the policy of preventing a coalition between the conservatives and the middle-of-the-road forces.

Speaking at a meeting of the Foreign Correspondents' Club of Japan in Tokyo, Asukata criticized the Clean Government Party (Komeito) and the Democratic Socialist Party for revealing their intention of approving the government-proposed budget draft for this year if "minor" changes were made.

Even though this step did not bring about any agreement among the ruling Liberal-Democratic Party and the two opposition parties, it is a matter of grave importance which might create a new trend in politics here, he said.

The two opposition parties were in danger of neglecting the people's dissatisfaction with the government draft budget by agreeing to such a compromise, according to Asukata.

In order to prevent the recurrence of such an instance, Asukata said the JSP, as a No 1 opposition party, would strive to reinforce a joint opposition front.

Asukata said he would try to form a joint opposition front on every major policy issue and to form such a front with as many opposition parties as possible. He stressed that his party would behave as "an honorable opposition party" until it comes to power.

On the Chinese-Vietnamese border dispute, Asukata said he thought China violated its five-point peace principle which it has long espoused.

COPYRIGHT: ASAHI EVENING NEWS

CSO: 4120

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

POLITICAL AND SOCIOLOGICAL

'YOMIURI' ON CRITICISM OF OHIRA'S ECONOMIC POLICIES

Tokyo THE DAILY YOMIURI in English 11 Mar 79 p 2 OW

[Editorial: "Japan Under Attack"]

[Text] The implementation of Prime Minister Ohira's economic policies has been criticized as contradicting Japan's promise at the Bonn summit of industrial nations last July, but judging from the recent atmosphere at the provisional committee of the International Monetary Fund (IMF), such criticism seems to be easing, though voices can still be heard calling on Japan to open its doors to specific imports.

The Japanese economy represents one-eighth of the entire global economy, coming second in size after that of the United States.

Former Premier Takeo Fukuda was very eager to fulfill this country's responsibilities in the world economy, notably through his promise to achieve a 7-percent economic growth rate, but he overreached himself with this promise, and Ohira had to withdraw from this position after he became prime minister.

Need To Check Inflation

Ohira not only wanted to employ a different political style from that of his predecessor, but he also needed to bolster the deficit-ridden state revenues and prevent a recurrence of inflation.

Foreign countries, however, seemed to think he intended to renege on the promise of international cooperation made at the Bonn summit and Ohira had to take several measures to eliminate such a misunderstanding, with apparent success as the IMF provisional committee seems to be weakening its criticism of Japan.

The members of the committee, however, were primarily concerned at the prospects of oil price hikes in the aftermath of the Iranian revolution and their effects on the world economy.

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

In such conditions, Japan's economic policies are sure to appear more appropriate, though more criticism can be expected at the coming Japan-U.S. and Tokyo summits.

Pressures To Open the Market

While Japan's economic policies can be considered fairly successful, there is still the problem of the pressure on Japan from not only the advanced nations of Europe and the United States but also the developing countries to open the Japanese market to a degree worthy of an economic power.

Given the slow tempo of the talks currently under way with the United States, it is quite possible that the U.S. Congress will pass a bill imposing a surcharge on Japanese products, which will severely damage U.S.-Japan relations even though President Carter is expected to veto it.

Premier Ohira has frequently said that Japan-U.S. relations are the mainstay of his diplomatic policies, but his words and conduct regarding economic liberalization are, nevertheless, greatly lacking in clarity and decisiveness.

Ohira must realize the differences between a panel of international economists, who have cool heads and a respect for economic rationality, and the U.S. Congress, whose members must pay heed to their electorate and so are forced to attack Japan for the enormous trade imbalance in the latter's favor.

COPYRIGHT: THE DAILY YOMIURI

CSO: 4120

FOR OFFICIAL USE ONLY

POLITICAL AND SOCIOLOGICAL

BRIEFS

FUKUDA DENIES RETIRING--Former Prime Minister Takeo Fukuda Monday seemed to suggest that he would run in the presidential election of the Liberal-Democratic Party scheduled for next year. At a meeting held in a downtown hotel in Tokyo the same day, Fukuda said the LDP needs to be reformed. Referring to last year's election for the party presidency, he said he did not think he had been defeated by Prime Minister Masayoshi Ohira in the primary election. He explained that he stepped down from a run-off in the election partly because he wished to avoid splitting the party. Fukuda emphatically stated that he had not retired from political life. Observers say this indicates that Fukuda may run in next year's LDP presidential race if circumstances permit. Fukuda said that he had tackled the issue of party reform and that in order to be effective in this matter he would willingly disband his party, if so doing was required. Fukuda called for the abolition of party factions, the increase of party membership, placing party finances on a firm basis and the realization of a party presidential election with participation of all party members and associates. Fukuda's criticism against factions in his party at the Monday meeting followed his implicit criticism against Prime Minister Ohira for his passive attitude toward an effort to that end, which he made at his faction meeting on 20 February. [Text] [Tokyo ASAHI EVENING NEWS in English 28 Feb 79 p 3 OW]

CSO: 4120

FOR OFFICIAL USE ONLY

ECONOMIC

DOMESTIC ECONOMIC ACTIVITIES SHOULD BE EXPANDED

Tokyo MAINICHI DAILY NEWS in English 13 Mar 79 p 2 OW

[Editorial: "Adjusting to Economic Upturn"]

[Text] Preliminary data published last week by the Economic Planning Agency showed that the gross national product for the October-November 1978 period rose at an appreciable rate of 1.7 percent in real terms from the previous quarter, or an annual rate of 7 percent.

The fourth-quarter gain--a manifestation of rapidly progressing economic recovery since in or around last November--indicates that the nation's economy has finally come out of the long recession.

Despite the encouraging fourth-quarter economic picture, the general view indicates the economy for fiscal 1978 as a whole will grow by 5.8 percent at best, from the preceding year following rises of 1.0 percent and 0.8 percent, respectively, in the April-June and July-September quarters of last year.

The 5.8-percent rise, if it is to be so, falls short of growth targets the government intended to attain in the current fiscal year. Japan "internationally pledged" 7 percent growth at first, then the government revised the goal downward to 6 percent late last year.

What appears to be government inadequacy in setting growth goals may derive from its efforts to avoid international criticism for low growth, but it may invite even harsher criticism from other countries. Notwithstanding, it must be said that the economic outlook has obviously turned for the better.

This is because demand in the private sector has become stronger, though belatedly, as the prime mover for sustained recovery. In fiscal 1976 and 1977, increased exports alone, and increased exports and greater government spending for public works projects combined, acted as the prime movers of the economy, respectively.

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

Under the prevailing circumstances, policy emphasis is now shifted to how to expand domestic demand on a steady basis.

However, in step with the growing domestic demand, the nation's wholesale prices, which had remained steady until last October, kept rising for 4 consecutive months since November.

Bank of Japan Governor Teiichiro Morinaga is reportedly in favor of introducing a policy to stabilize commodity prices, in preference to one that puts emphasis on economic recovery. The government, on its part, has made known its intention of pursuing a policy that has a dual purpose: pepping up the economy while stabilizing prices.

It appears reasonable for the Bank of Japan to seek a price stabilization policy, if the economy is heading for sustained recovery, because it is the bank's duty to stabilize the value of the currency. On this score, it seems the government's plan to seek economic recovery and price stabilization simultaneously requires that precise and detailed measures be worked out.

Of the 0.9 percent wholesale price rise in February, increases in imported crude oil prices and overseas commodity prices, especially for nonferrous metals, and the recent drop in the yen's value against the dollar accounted for 0.6 percent. The remaining 0.3 percent was due mainly to domestic price increases.

As an immediate step, the government is strongly urged to seek discontinuation of some antirecession cartels--cartels which were approved as "emergency measures" to prop up the economy.

The government is also urged to make greater efforts to remove possible causes of inflation in the arena of speculative investments, such as the real estate field, through tightened monetary policies.

Also, it is urged to place under stricter observation the price movements of some imported agricultural and fishery products, like coffee and tuna fish, which have seen import price declines that are not reflected in lower domestic prices.

As for the "earlier-than-schedule" investments in the public works sector, a government step aimed at bolstering a sagging economy, the government is urged to adopt flexible policies, which include delays in fund allocation, if domestic demand continues to be strong.

We are now of the opinion that the government should make greater efforts to expand domestic economic activities, while keeping prices at bay, as it appears that the current price management policy is appropriate for the majority of commodities.

COPYRIGHT: Mainichi Daily News, 1979

CSO: 4120

FOR OFFICIAL USE ONLY

ECONOMIC

GOVERNMENT APPROVES JOINT ECONOMIC DEVELOPMENT OF SIBERIA

Tokyo YOMIURI SHINBUN in Japanese 20 Jan 79 p 2

/Text/ Since the conclusion of the Sino-Japanese Treaty of Peace and Amity, the greatest task facing the government has been to improve relations with the Soviet Union. The government has decided upon its basic course of action on this issue and "will adopt substantive policies to maintain balance between the PRC and Soviet Union by responding decisively to Soviet requests for cooperation in the economic sector." This decision was made in connection with the approach to be taken in Prime Minister Ohira's first speech on administrative policy to be given on 25 January. Sources very close to the prime minister are saying, "Actual improvement in relations in the economic sector will certainly have a favorable effect on Japanese-Soviet political and diplomatic relations." These sources suggested that Japan will take a fairly positive attitude toward Siberian development projects which the Soviet side will propose in the executive meeting of the Joint Japanese-Soviet Economic Commission which opens in Tokyo on 25 February. The Ohira cabinet's position is that if Japanese-Soviet relations improve steadily and Premier Kosygin's visit to Japan can be realized, then, from a long-range perspective, it might be possible to conclude a Japanese-Soviet long-term trade agreement.

The question of Japanese-Soviet economic cooperation directed mainly at Siberian development had become deadlocked because of the stringent conditions advanced by the Soviet side. In addition, the Chinese side had been proposing large-scale projects, one after another, such as construction of the Shanghai Baoshan steel plant, since the conclusion of the Sino-Japanese peace treaty. Consequently, the question of Japanese-Soviet economic cooperation had paled as an issue. As a result, relations between Japan and the Soviet Union have been less than ideal on the economic front as well as on the political front.

However, because of the shock of normalized Sino-American relations and the rapidly changing situation in Cambodia, even people within the Japanese Government are of the opinion that from the viewpoint of stability in Southeast Asia, it is necessary to take another look at the one-sided tilt toward the PRC.

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

Furthermore, in a conversation on 16 January, Foreign Minister Sonoda admonished Chinese Ambassador to Japan Fu Hao about any joint Sino-Japanese action on the Cambodian dispute by telling him that "Japan will decide its opposition to hegemony in accordance with its own independent foreign policy." The Soviet side announced that it welcomed this action. This was the first thing since conclusion of the Sino-Japanese treaty about which the Soviet side expressed political or diplomatic appreciation after saying that they would consistently watch for specific actions in Japan's relations with the Soviet Union." From the standpoint of restoring Japanese-Soviet relations, which have cooled since the Japan-PRC treaty, one can say that this development provided hopeful material.

At this time, however, there is a thorny territorial issue pending between Japan and the Soviet Union and, in addition, consideration must be given to avoidance of throwing cold water on the friendly relations with China which have been developing rapidly. Therefore, the government decided to emphasize building up economic relations for the present.

In response, business circles say that they are ready to cooperate as far as possible with the Japanese Government's policy, and that they are favorably impressed with the fact that the Soviet side is not only sending its largest delegation to date to the executive meeting of the Joint Japanese-Soviet Economic Commission, but is also moving to prepare and propose new large-scale projects in addition to previously proposed projects such as the Nakhodka-Vrangel harbor expansion and construction of a paper pulp complex at Khabarovsk, etc. Accordingly, the key to future improvement in Japanese-Soviet relations lies in the sort of new projects the Soviet side will present at this time, and the Soviet side is said to be seriously intent upon rolling back the advances made by the Chinese.

COPYRIGHT: Yomiuri Shinbunsha 1979

9111
CSO: 4105

FOR OFFICIAL USE ONLY

ECONOMIC

JAPAN TO FURTHER EASE EXCHANGE RESTRICTIONS

Tokyo MAINICHI DAILY NEWS in English 2 Mar 79 p 5 OW

[Text] The Japanese Government and the Bank of Japan are moving toward a series of measures to ease foreign exchange restrictions which represent a considerable degree of turnabout in monetary policy regarding the yen's exchange rate. Some of the changes may seem technical or minor but they are of significance.

One has to do with the bonds sold for yen in the Tokyo capital market by foreign governments and international agencies. (Sears, Roebuck will be the first foreign business firm to float a bond issue here, in April).

The present regulations require that the foreign issuer convert the yen proceeds from the bonds into dollars or other foreign currencies for repatriation within one week. This period would be extended to one month.

The Japanese authorities permit and encourage the flotation of foreign bond issues as one way of reducing Japan's top-heavy payments surpluses.

The longer period means the exit of the funds may be delayed and push back in time the demand for dollars in the Tokyo foreign exchange market.

The practical effect for the foreign issuer is that it has more time leeway in selecting what it calculates would be the time of the most favorable exchange rate.

The first foreign bond issue to receive the benefit of the new longer period is likely to be the Brazilian Government's issue of 30 billion yen in late February.

A similar change will also be made on yen loans by Japanese banks to borrowers abroad.

The new monetary policy will also help the foreign banks in Japan, whose chief source of funds for lending out here is the swap accounts with their parent banks abroad.

FOR OFFICIAL USE ONLY

Through the swap accounts, the foreign banks in Japan get foreign-currency funds, usually Eurodollars or Asiadollars, which they convert into yen.

To check a heavy inflow of dollars from this source which would push up the yen's exchange rate, the finance ministry and the Bank of Japan place ceilings on the swap accounts. The total ceilings are now about \$3.3 billion, and these will be raised shortly by \$600 to \$700 million.

The Japanese Foreign Exchange Banks will get a similar break. They borrow Eurodollars heavily which they convert into yen for lending out in Japan, but the ceilings on such borrowing have been virtually frozen since 1970.

The increase is expected to be around \$200 to \$300 million, a relatively small sum but nevertheless an increase.

Finally, the exchange restrictions on incoming short-term funds of foreign individuals and business firms other than banks were lifted last Saturday.

These were applied in November 1977 as measures to check foreign speculation in the yen, when a reserve rate of 100 percent was applied on increases in "free yen" nonresident accounts (yen freely convertible into foreign exchange) and a prohibition placed on nonresident purchase of Japanese bonds with less than five years and a month to go to maturity.

Nonresidents were also excluded earlier from buying short-term government notes.

The chief immediate reasons for the new measures are the easing of the yen against the dollar since last November and the likelihood that the relaxing or removal of the restrictions poses no danger of another sudden rise in the yen's exchange rate.

The government is also drafting a new foreign exchange and trade law that would scrap many of the present controls, which have been the target of sharp criticism from abroad, and is taking various administrative steps, of which the measures described here are part, by way of preliminary action.

Basically, however, the big factor is the change in thinking of the authorities about the yen's exchange market.

In the past two years when the yen was rising steeply and relentlessly, they, as well as most of business and the public, thought that the higher yen would deal crippling blows to Japan's exports and produce a general deflationary effect on the economy.

As the yen rose, the government was constantly holding crisis conferences to get in emergency imports, reduce the trade surplus and stop the climb in the yen.

FOR OFFICIAL USE ONLY

The Bank of Japan poured out vast sums of yen to buy up billions of dollars in a vain effort to check the yen's rise.

As matters turned out, nothing terrible happened. The export industry showed amazing capacity to adapt to the higher yen, and most exports manufactures plan and operate on a yen-dollar exchange rate of 180 yen.

The authorities have also found that the higher yen, by making the cost of imported fuel and materials cheaper in terms of yen, has been and is the most powerful factor in holding down domestic inflation. The higher yen, in short, is good, not bad, for the economy.

Inflation is now the big worry for the policy makers, and the higher yen is their most effective inflation fighter.

Also, it is the biggest factor in holding down exports, if finally starting to get the payments surplus down to more manageable size that should help ease trouble abroad.

The Bank of Japan is now selling dollars in the Tokyo foreign exchange market to keep the yen strong against the dollar. The yen-dollar exchange rate last Friday was about 201 yen, and the target band would seem to be in the 190 yen to 200 yen range.

COPYRIGHT: Mainichi Daily News, 1979

CSO: 4120

FOR OFFICIAL USE ONLY

ECONOMIC

LABOR IS EXPECTED TO DEMAND MORE MONEY

Tokyo MAINICHI DAILY NEWS in English 23 Feb 79 p 2

[Editorial: "Business Trend and 'Shunto'"]

[Text]

A favorable business trend and unexpectedly better earnings by business firms are likely to become two new elements in the annual "spring labor offensive" or "Shunto." The management-labor disputes will center on whether or not the workers can enjoy a larger part of the pie.

It is generally believed that labor cannot expect a higher pay raise than the previous year because of the unfavorable employment trend. What is different from last year, however, is that business companies have accumulated larger earnings this year.

Except for such industries in a slump as shipbuilding and shipping, many industrial firms have completed their adjustment to the low-growth economy and have succeeded in gaining larger earnings. In the March settlement of accounts, these companies which are listed in the major section of the Tokyo Stock Exchange are expected to report increased earnings and profits.

Under such circumstances, labor is expected to demand more money by making an upward revision of its original pay raise demand plan. Mitsuo Tomizuka, secretary general of the General Council of Trade Unions of Japan (Sohyo) has said that the council would instruct affiliated unions to revise their pay raise demand two or three percent upward.

Management, while admitting a restoration in the business trend and higher earnings, is still cautious and is likely to reject the labor demand. A typical view of the management is that "the top priority must be given to strengthen the financial strength of companies which has been sapped by the recession. An easygoing pay raise would invite inflation and unfavorably affect the employment situation."

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

In particular, Takeshi Sakurada, chairman of the Employers Association of Japan (Nikkeiren) expressed a grim view on the spring labor offensive at a recent press conference. After summer this year, business firms will have to face higher costs due to an increase of the oil price and lose their ability to pay higher wages, he said.

Sakurada reemphasized that only low-g geared management ~~can maintain~~ the present level of employment.

Sakurada's view represents a general "theory of business firms" but somewhat contradicts Nikkeiren's view that the pay raise must be implemented "in proportion to the business firms' earnings" and "within the limits of the business firms."

We can point out that labor has apparently supported an idea of low-g geared management as an "emergency shelter." It must be remembered that low-g geared management carried out by larger companies has resulted in an unfavorable employment situation, especially among the middle aged people. The public has criticized such a contradiction.

It is true that the survival of business firms is essential for the maintenance of employment. It is also true that those business firms cannot survive without a stable society.

We can understand labor's demand for higher wages by taking advantage of the favorable business trend but we want labor to remember that the trend has taken place under the low-growth economy and that we cannot expect another high economic growth.

Labor must take into account the hikes of crude oil, commodity goods prices and public utility fares which may invite another stagflation, as is pointed out by management.

In our opinion, labor should not devote its whole energy to the wage hike but should work out other measures which will improve the general living standards of workers and also expanded employment. In other words, labor can demand an extension of the retirement age, shorter working hours or full implementation of the five-day week system.

Such measures must be worked out jointly by management and labor. They must take advantage of the current favorable business trend in establishing a management-labor negotiations formula on wages.

(COPYRIGHT: Mainichi Daily News, 1979

CSO: 4120

28

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

ECONOMIC

DOUBTS LINGER ON NTT PROCUREMENT

Tokyo MAINICHI DAILY NEWS in English 28 Feb 79 p 5

[Article by Takao Oshiyama, Staff Writer]

[Text]

Will it solve trade frictions between Japan and the United States if Nippon Telegraph and Telephone Public Corporation (NTT) opens up its procurements to foreign telecommunication equipment manufacturers? Or is it just another scapegoat for the yawning U.S. trade deficit?

The Japanese government is intent upon complying with the U.S. demand for opening up NTT procurements to foreign manufacturers, and has taken unusually stern attitudes toward NTT which has been frantically defending its buying practices.

The government intends to settle the NTT procurement issue quickly by opening negotiations with the U.S. this week. For that purpose, the government sent a Foreign Ministry official to America Monday. The ranking ministry official is being accompanied by NTT officials.

Since late last year, the NTT procurement practices became the prime attack target for the United States in substantiating its claims that Japan is a closed market.

Leverage

The U.S. is using the NTT issue as a leverage to crack open the alleged "closed

Japanese market" in its efforts to rectify the trade deficits with Japan.

The NTT issue came to the fore in connection with the Tokyo Round multilateral tariff negotiations in which it was advocated that foreign manufacturers should be allowed to compete with domestic manufacturers in the governmental procurement of a country.

Governmental procurements usually run up to a huge amount each year. And in the Tokyo Round negotiations it has been agreed that 1) governmental procurements should be made open to foreign manufacturers, and 2) the open tenders should be conducted without discrimination and with easy-to-follow procedures.

However, when it comes to application of the agreed principles to practice, one country differs from another—for instance, on the definition and scope of governmental offices and agencies, and on the total scale of governmental procurement amount including purchases from foreign manufacturers.

At the Tokyo Round talks, Japan and the United States have settled between them all the differences on tariff reduction margins, agricultural prod-

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

ucts and so on but not yet on governmental procurements.

Japan proposed at the meeting that the governmental procurement code will cover 30 central government offices and agencies whose aggregated purchases would run up to some \$3,500 million a year.

The United States has maintained that Japan should open up all the governmental offices and agencies numbering some 130 and the aggregated amounts should be boosted to about \$8,000 million-\$10,000 million a year.

The U.S. offered to make governmental procurement of some \$16,000 million a year and the European Community some \$10,500 million.

Hottest Issue

Since NTT is a public corporation under the supervision of the Ministry of Posts and Telecommunications and its annual procurements run up to a whopping 602.5 billion yen (\$1,012.5 million) or so, the handling of NTT, along with two other public corporations, became the hottest issue between Japan and the U.S. which has very competitive, high-technology communications equipment industry.

In view of the lop-sided trade balance and the size of NTT procurements, the U.S. is pressing Japan to yield. The U.S. has been explicitly critical of the Japanese economic management for its inability to ax Japan's trade surplus and to attain a 7-percent real economic growth in this fiscal year. U.S. President Jimmy Carter has cautioned Japanese Prime Minister Masayoshi Ohira twice by personally written letters since the latter came to power last Dec. 7.

Thus, the Japanese government feels vulnerable and obliged to accommodate the U.S.

demand in order to avoid further complication of the bilateral economic relations.

Of the NTT procurements worth 600 billion yen (\$3,000 million), purchases from foreign communication equipment manufacturers amount to a meager 3,000 million yen (\$15 million) or so. This is because NTT buys from overseas manufacturers what it cannot obtain from domestic communication equipment manufacturers.

As it has no manufacturing plant of its own, NTT, since its establishment, has been procuring necessary equipment from domestic manufacturers under close collaboration from R & D on. It has been very reluctant to take in the knockers on the door for a number of reasons.

NTT maintains that 1) all key western European countries allow their PTTs (posts, telephone and telegraph corporations), both governmental and private, to practice identical procurement methods and are demanding to make telecommunications services an exception to the Tokyo Round agreement.

Even American Telephone and Telegraph (AT&T), the largest American telecommunications corporation, which has the manufacturing arm Western Electric under its wing, practices an almost complete buy American policy, particularly buy Western Electric.

NTT is also very concerned about the outflow of its proprietary information obtained in research and development in the event of free, open biddings for NTT procurements. The Telecommunication system constitutes a keystone of national interest and national security of Japan.

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

The Telecommunications system is an extremely complex, highly technology-intensive, huge system requiring strict unity among pieces of equipment to minimize systems troubles and maximize reliability. For this reason, mixing of foreign equipment has to be minimized.

And if foreign equipment is to be introduced, specification requirements become voluminous and procedures highly complicated.

To ensure equipment reliability requires spot checks at the manufacturing facilities and it will be virtually impossible to carry out thorough inspections of manufacturing facilities of all the bidders in the event of open bidding procurements.

Systems maintenance requires long-term, stable supply of equipment components and parts for replacements, systems expansions and so on. Delivery delays could hamper systems maintenance.

And open bidding procurement could make impossible planned production, which will raise procurement costs, and a smooth implementation of the budget due to probable prolongment of the procurement period.

Suspicion

But these arguments advanced by NTT reinforced the American suspicion that the Japanese are putting up invisible non-tariff barriers (NTB) all around the islands, offering Americans the prime attack target. The U.S. was most intent upon eliminating NTB at the Tokyo Round negotiations.

On top of these, NTT gave rather cold treatment to members of a U.S. government-

sponsored export mission, congressmen, and ranking Commerce Department officials who visited Japan during the last six months or so. NTT established itself unwittingly as a bad guy. It seems that "notorious NTT" surrounded by a "stone wall" sticks in the American mind.

Economic affairs ministers held a special meeting Feb. 20 to discuss the NTT procurement issue and came out with the decision to make NTT open its doors to foreign manufacturers "from a broader viewpoint of national interest."

At the stern government attitude, NTT President Tokuji Akikusa indicated NTT's willingness to change its procurements practices at the Diet (parliament) committee meeting the same day.

The softening of the NTT attitude is also believed to have come from the governmental "indication" to squeeze parachuting of ranking NTT officers to some 200 companies doing business with NTT.

Wire Pulling

On the other hand, there was a grapevine rumor in the Japanese telecommunications industry that International Business Machines Corp. is pulling the wires of the whole affair. The suspicion was also entertained by NTT leaders.

They said the Carter administration has former IBM officers in the cabinet posts and concentration of telecommunication apparatus and semiconductor manufacturers in President Carter's home state of Georgia.

Moreover, such major switching apparatus manufacturers as NEC, Fujitsu, Oki Electric and Hitachi are also computer

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

competitors of IBM. About 20 percent of total NEC sales and Fujitsu sales go to NTT and about 30 percent of Oki sales goes to NTT.

These makers, known as "NTT family," also benefit from NTT research and development projects. For instance, when NTT decided to develop its own superlarge computer "Dips" for data communications, Fujitsu, NEC, and Hitachi participated in the project, benefitting both technologically and financially.

And IBM is steadily making preparations for starting its own data communications service through its joint venture SBS (Satellite Business Systems).

At any rate, the Japanese government is planning to accommodate the U.S. demand by making NTT open up to 30-40 percent of its 600-billion-yen procurements to open biddings.

But there could remain the feeling that bidding is one thing and actual purchase is another, nullifying the whole purpose of reducing Japan's trade surplus with the U.S. Thus, NTT may well become another symbol of the Japan-U.S. trade friction.

In the bilateral trade relations, there have arisen a number of heated disputes since last year on such matters as computer and film tariff reductions, import expansions of fresh oranges, beef, and leather.

In this light, the latest NTT issue could be considered as a step in the sequence, with looming implications that the NTT issue would not be the last dispute unless the Ohira cabinet drastically slashes Japan's trade surplus before the prime minister visits the U.S. in spring. What, then, will come next?

COPYRIGHT: Mainichi Daily News, 1979

CSO: 4120

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

ECONOMIC

'MAINICHI' EDITORIAL RAPS U.S. FOR ITS DEMAND ON NTT

Tokyo MAINICHI DAILY NEWS in English 1 Mar 79 p 2

[Editorial: "Knocking on 'Closed Doors'"]

[Text]

Japan-U.S. negotiations on whether the Nippon Telegraph and Telephone Public Corporation (NTT) should open its doors wider to foreign-made telecommunications products and equipment, U.S.-made in particular, are under way in Washington.

Past talks in the Tokyo Round of multilateral trade negotiations in Geneva dealt with the Japanese government's purchase of more foreign products and equipment in general, not only purchase by NTT.

Subsequently, however, attention was focused primarily on NTT's closed policy toward foreign products, a policy regarded by foreign countries as symbolic of the closed nature of the Japanese market as a whole.

It may be true that the Japanese market is not as widely open as some foreign countries wish. This is especially so in the sectors of agricultural products and international financing.

As has been repeatedly emphasized at past international conferences, recognition of the economic interdependence among countries has significantly increased.

In this context, Japan's economic structure, built with what may be called "an islander's way of thinking, should undergo constant review and improvement.

However, the improvement of Japan's economic structure and the issue of NTT's increased purchase of foreign products should be dealt with as two different matters.

FOR OFFICIAL USE ONLY

This is because NTT's doors are closed even to many domestic firms when it comes to purchasing. So-called NTT "family member" firms are favored.

Admittedly, NTT may find numerous advantages in giving orders only to its family member companies, such as in regard to product quality control and dependable delivery dates. However, on the other side of the coin, NTT's procurement "through negotiated contracts" with its family member firms tends to invite undesired results because the favored firms may become lax in some respects, feeling that they are protected by NTT.

We are of the opinion that the procurement of products and equipment by public corporations should be made through open tenders.

In past Japan-U.S. trade negotiations, Japan's liberalization of imports of color films, reduction of tariffs on computers, and increased import quotas for beef and oranges have become, one after another, major subjects of discussion.

The U.S. has insisted, at various times, that each of these items demonstrates the difficulty American products have in penetrating the Japanese market. And now NTT's procurement policy is a primary subject of negotiations with the U.S. But we must point out that, unlike the abovementioned items, telecommunications equipment is of high strategic value.

It is hard for us to approve of the American policy of demanding that Japan compromise on one item after another, placing Japan in the role of a scapegoat in trade negotiations.

Meanwhile, we fear that the Japanese government may open the doors of NTT to foreign products without justification, merely out of political considerations and to make the June Tokyo summit meeting of advanced democracies a success.

We believe it is imperative and essential for the public corporations to look farther afield in procuring products and equipment, and to be ready to accept them if they have advantages in cost and efficiency.

We want the government to come up with appropriate policies to rectify the Japan-U.S. trade imbalance — the biggest issue pending between the two nations — from an overall viewpoint.

A policy review in this regard, for government offices, and agencies and public corporations in addition to NTT, on the purchase of foreign products would be a step toward this end. Japan lags far behind European countries and the U.S. in this sector.

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

We also see urgent need to improve, through drastic measures, the nation's distribution system, which baffles many because of its highly complicated structure, and product inspection standards. Above all, we call for steady government efforts to build up a sound economic structure for Japan.

COPYRIGHT: Mainichi Daily News, 1979

CSO: 4120

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

ECONOMIC

SHIPPING FIRMS PLAN EXPERIMENTAL CHINA SAILINGS

Tokyo MAINICHI DAILY NEWS in English 10 Mar 79 p 5 OW

[Text] Japanese shipping firms plan to conduct cargoline service in the Japan-China route on an experimental basis from May to prepare for start of regular service possibly in the latter half of next year.

This was revealed Thursday by Motoi Nagao, a director of Daichi Chuo Kisen Kaisha who visited China recently as leader of a mission of the Japan-China Shipping Transportation Council. The council is made up of 47 shipping firms.

Chinese shipping lines have been conducting test cargoliner sailings on the Shanghai-Yokohama and Shanghai-Osaka-Kobe routes since October 1977 and on the Shanghai-Moji-Nagoya and Shanghai-Yokohama-Kobe routes since last October.

Nagao said his mission reached agreement with Chinese authorities on similar test sailings to be made by Japanese shipping lines from Yokohama or Kobe to such Chinese ports as Shanghai, Tianjin and Chingdao. Four sailings monthly will be made to Tianjin and Chingdao and two monthly to Shanghai.

Ships of the 4,000- to 4,500-ton class owned by Showa Shipping Company and 10 other shipping firms will leave Japan at the end of every month. The first ship is scheduled to leave late in May.

Japanese and Chinese shipping lines already are engaged in service on the Japan-China route on a tramp basis under the Japan-China shipping agreement concluded in 1973.

A total of 16.2 million tons of cargo were transported both ways in 1977 with Japanese trampers hauling 48 percent and Chinese ships 52 percent.

COPYRIGHT: Mainichi Daily News, 1979

CSO: 4120

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

ECONOMIC

TOP BUSINESSMEN VIEW PRC CONTRACT SUSPENSIONS

Tokyo THE DAILY YOMIURI in English 7 Mar 79 p 5 OW

[Text] Three prominent Japanese businessmen gave their interpretations last week of what motivated Beijing's "surprise" suspension of expensive plant purchases it contracted with Japanese business interests in December 1978.

Sumio Hara, ex-president and now top adviser to the Bank of Tokyo, told the press: "It is all too clear that Beijing has come to face the need to reconsider its current ambitious economic modernization program because it is in a difficult economic dilemma."

He identified the dilemma as China's inability to pay for massive plant and equipment imports and its new need for money for its armed conflict with Vietnam.

China seems to have decided to "bear so great an economic burden (of war) that it could no longer carry on its economic reconstruction drive at the tremendous tempo seen in the past," Hara said. He could hardly visualize an end to the controversial China-Vietnam war in a reasonably short period of time, he added.

Yugoro Komatsu, a top adviser to Kobe Steel Ltd, and former vice minister of International Trade, shrugged off in his statement to the press explanations that seek to dissociate the effects of China's military clash with Vietnam from the program of its economic modernization program.

To try to deny such connections between the war and that program is "totally unreasonable," he emphasized. "Even before the war broke out, we had been uneasy as to how Beijing could pay for its massive plant purchases from Japan, the United States and advanced nations and still attain its economic modernization program at the great speed it indicated," he recalled.

Shigeo Nagano, president of the Japan Chamber of Commerce and Industry, recalling that "the United States spent no less than \$50 billion a year at

FOR OFFICIAL USE ONLY

a certain stage of the Vietnam war," reasoned that Beijing finds it "inevitable to reexamine how much of its money could be allocated to its economic reconstruction program" in face of the war with Vietnam.

Nagano said he preferred to think Beijing has started to reexamine the priorities among its numerous economic modernization projects. He dismissed the possibility of it being a bargaining tactic to beat down the prices of such contracts.

Incidentally, Nagano blamed the Japanese business community itself for the serious commercial impact on Japan from the abrupt contract suspension by China.

"They have been just too elated over the China trade boom when they should have been careful enough to study every trade deal with China from three angles: material supply, availability of technology and solvency of the partner," he emphasized.

In this connection, Hara said all Japanese businessmen faced with the new development should be thoughtful enough to offer to Beijing whatever cooperation they could in reviewing the contracts if such reexamination is necessary.

COPYRIGHT: THE DAILY YOMIURI

CSO: 4120

FOR OFFICIAL USE ONLY

ECONOMIC

BRIEFS

SURPLUS MUST BE CUT--Bank of Japan Governor Teiichiro Morinaga said Japan must continue its efforts to reduce its current account surplus to a reasonable level. He told newsmen upon returning from an International Monetary Fund (IMF) interim committee meeting Sunday night that Japan did not come under harsh criticism for its trade and economic policies. Some members of the committee urged Japan to take additional measures to reflate its economy, but others said it would not be good to pressure a surplus country, with large budget deficits, to correct its balance of payments disequilibrium in a short period of time, Morinaga said. He said most members appreciated the efforts being made by the Japanese Government to pull its economy out of the recession while trying to avoid a resurgence of inflation. However, Japan must continue to make a great effort to reduce the surplus through a number of measures, such as the opening [of] its market wider to imports, Morinaga said. [Text] [Tokyo THE DAILY YOMIURI in English 13 Mar 79 p 4 OW]

CSO: 4120

FOR OFFICIAL USE ONLY

SCIENCE AND TECHNOLOGY

NUCLEAR ENERGY POLICY PLACES EMPHASIS ON FUTURE

Tokyo MAINICHI DAILY NEWS in English 7 Feb 79 p 2

[Editorial: "Japan-U.S. Nuclear Talks"]

[Text]

Based on the Nuclear Nonproliferation Act which went into effect in the United States in March last year, Japanese and American officials have held preliminary talks in Tokyo on the possible revision of the Japan-U.S. Atomic Energy Agreement.

What attracted our attention, in connection with future Japanese nuclear energy problems, was "trouble" at the spent nuclear fuel treatment facility at Tokai Mura. Agreement was reached in September 1977 that up to 99 tons of plutonium would be extracted over a two-year period at the facility.

Japan's nuclear policy aims at effective use of uranium resources through the establishment of a long-range nuclear fuel cycle. As a first step, the Tokai Mura facility began trial operations in September 1977. In August 1978, operations were suspended due to a malfunction in the tube of a steam generator. Operations cannot be resumed until after October this year.

Such a delay in resumption will cause a postponement of the establishment of the nuclear fuel cycle, and at the same time hamper the start of co-processing experiments. Japan earlier promised that it would submit a report on the experiment to the International Nuclear Fuel Cycle Evaluation conference, which will come to an end in the coming fall. We hope that the Japanese government and the Atomic Energy Commission will clarify their views on this specific problem.

FOR OFFICIAL USE ONLY

A revision bill on nuclear reactors, and related laws, are expected to be approved during the current Diet session. The bill calls for entrusting civilian companies with some refueling business. But, without experiments, the construction of a second reprocessing facility which would have seven times the capacity of the first one, is hardly feasible.

The United States, based on the Nuclear Non-proliferation Agreement, has proposed the conclusion of a nuclear energy agreement apparently aimed at further intensifying regulations.

It is expected that the United States will ask Japan to strengthen protective measures regarding nuclear materials and to conclude an agreement on enrichment of nuclear materials offered by the United States.

Japan has not accepted the U.S. proposal for revising the agreement, but judging from talks between the United States and European countries and results of INFCE conferences, we believe that Japan will eventually have to accept the proposal. Here again, the attitudes of the Japanese government and the Atomic Energy Commission must be clarified.

In recent talks in Tokyo, the United States called for an agreement on the problems of storing spent nuclear fuel. The United States said that an internationally agreed site must be chosen, on the earth, for the storage of spent nuclear fuel. This proposal was in line with American policy on nuclear nonproliferation. Japan has little space suitable for the storage of radioactive waste. It must be remembered that this question has also attracted public attention in Austria and Switzerland. If Japan accepts the concept of international storage, Japan will lose its "independence" in this respect.

Regarding this, the white paper on nuclear energy in fiscal 1978 made modest reference to research works on geological features and formations in Japan. It also touched on small-scale experiments of disposal safety evaluation. Contrary to such lukewarm attitudes, we notice some "forward-looking" policies on the possible domestic production of fast breeder reactors.

We want to point out here that Japan's nuclear energy policy places emphasis on the future, not on the current situation.

COPYRIGHT: Mainichi Daily News 1979

END
41

CNO: 4120

FOR OFFICIAL USE ONLY